

## REMARKS

### 1. Summary of the Office Action

In the Office Action mailed May 11, 2009, the Examiner rejected claims 1-3, 5-18, 20-26, and 28-32 under 35 U.S.C. 102(e) as being anticipated by Shkedy, (U.S. Patent No. 6,236,972, hereinafter referred to as Shkedy), and rejected claims 4, 19 and 27 under 35 U.S.C. 103(a) as being unpatentable over Shkedy in view of Hambrecht et al. (U.S. Publication No. 6,629,082, hereinafter referred to as Hambrecht).

### 2. Status of the Claims

Pending are claims 1-13, 15-23, 25-29, and 31-33, of which claims 1, 16, 26, and 33 are independent and the remainder are dependent. Applicant has (i) amended claims 1, 13, 15-16, 20, 23, 26, and 31-32 (ii) added new claim 33, and (iii) canceled claims 14, 24, and 30. No new matter has been added.

### 3. Response to § 102 Rejections

As noted, the Examiner rejected independent claims 1, 16, and 26 and dependent claims 2-3, 5-15, 17-18, 20-25, and 28-32 under 35 U.S.C. §102(e) as being anticipated by Shkedy.

Applicant has canceled claim 14 and has amended claim 1 to incorporate the substance of claim 14. Claim 14 recited collecting securities preferences from said accredited investors and notifying said accredited investors when securities matching the preferences are being auctioned. However, Applicant has amended this language of claim 14 to clarify that the security preferences are preferences for types of securities, rather than simply an order for a particular security (e.g., a buy or sell order). Specifically, Applicant has amended claim 1 to recite the elements of: (i) collecting investor-specific investment profile information from said accredited investors, wherein the information specifies types of securities preferences in which the said accredited investors are interested, (ii) using a computer to make a determination that at least one security matching the investor-specific investment profile of at least one of the accredited

investors is available for auction, and (iii) providing notice to the at least one of the accredited investors that a security matching the investor-specific investment profile of the at least one of the accredited investors is being auctioned.

In rejecting the subject matter of claim 14, the Examiner cited column 12, lines 25-40 of Shkedy for the teaching of collecting securities preferences from said accredited investors; and notifying said accredited investors when securities matching the preferences are being auctioned. (Office Action, page 5.) Applicant respectfully submits that neither this portion nor other portions of Shkedy disclose or suggest the elements of claim 1 as currently amended.

First, Shkedy does not disclose or suggest collecting investor-specific investment profile information from said accredited investors, where the information specifies *types of securities preferences* in which the said accredited investors are interested. Rather, the system of Shkedy merely collects orders for a particular security from individuals. These orders may be buy or sell orders for shares of an investment company such as a mutual fund or a hedge fund. Specifically, the system of Shkedy receives from a customer (i.e. a buyer or a seller) an order including the order type (i.e. a sell order or a buy order) and the class and the quantity of shares to be traded. At the end of the day, a central controller then matches buyers and sellers and determine which orders were executed. The central controller scans the database for matching sell and buy orders and executes a trade upon a match. However, the orders collected by the system of Shkedy are not investor-specific investment profile information that specifies *types of securities preferences in which accredited investors are interested*.

Second, Shkedy does not disclose or suggest using a computer to make a determination that at least one security matching the investor-specific investment profile of at least one of the accredited investors is available for auction. Shkedy does not make such a determination because Shkedy does not disclose or suggest collecting investor-specific investment profile information that specifies types of securities preferences in which the said accredited investors are interested

in, and thus the Shkedy system *cannot* make a determination that at least one security matching the investor-specific investment profile of at least one of the accredited investors is available for auction.

Third, Shkedy does not disclose or suggest providing notice to the at least one of the accredited investors that a security matching the investor-specific investment profile of the at least one of the accredited investors is being auctioned. In the claimed invention, the notification may beneficially serve to identify possible securities that an investor may be interested in gathering more information about or participating in an auction for. The system of Shkedy does not provide any notification to an investor that that a security matching the investor-specific investment profile of the investor is being auctioned. Rather, the focus of Shkedy is matching buy and sell orders so that an order for a particular security can be fulfilled. There is no notification to potential investors that a security that the potential investors may be interested is available for auction.

Applicant recognizes that Shkedy does disclose that its system may provided a notification to a buyer and seller; however, this notification in Shkedy is a notification that a transaction has been executed (i.e., completed) by the system. Specifically, Shkedy discloses that after the central controller matches orders to create execution of a trade, “[t]he central controller then notifies the transfer agent of the transaction. The central contoller sends a notification to both the buyer and the seller.” (Shkedy, column 12, lines 35-36.) However, in contrast to the claimed invention, this notification that an order has been executed is not a notification that a security matching the investor-specific investment profile of the at least one of the accredited investors is available for auction. Thus, the notification of Shkedy cannot serve to identify possible securities that an investor may be interested in gathering more information about or participating in an auction for.

For at least these reasons, Shkedy does not disclose or suggest all of the elements of claim 1. Thus, Shkedy fails to teach the invention of claim 1. Consequently, Applicant submits that claim 1 is allowable. Furthermore, Applicant submits that claims 2-13 and 15 are allowable as well for at least the reason that they depend from allowable claim 1.

Similar to the amendments of claim 1, Applicant has amended independent claims 16 and 26 to recite, in one form or another, the elements of (i) collecting investor-specific investment profile information from said accredited investors, wherein the information specifies types of securities preferences in which the said accredited investors are interested, (ii) making a determination that at least one security matching the investor-specific investment profile of at least one of the accredited investors is available for auction, and (iii) providing notice to the at least one of the accredited investors that a security matching the investor-specific investment profile of the at least one of the accredited investors is being auctioned. Consequently, for at least the reasons discussed above in reference to claim 1, Applicant submits that independent claims 16 and 26 are allowable. Furthermore, Applicant submits that claims 17-23, 25, 27-29, and 31-32 are allowable as well for at least the reason that they depend from allowable claim 16 or allowable claim 26.

#### **4. Response to § 103 Rejections**

The Examiner has rejected dependent claims 4, 19, and 27 under 35 U.S.C. §103(a) as being unpatentable over Shkedy in view of Hambrecht. The Hambrecht reference is directed to a method for determining the final offering price and allocations of stock of a company in the event of a public offering, wherein the company is seeking to raise capital through the sale of equity into the public market. The Hambrecht reference fails, however, to teach the elements of (i) collecting investor-specific investment profile information from said accredited investors, wherein the information specifies types of securities preferences in which the said accredited investors are interested, (ii) using a computer to make a determination that at least one security

matching the investor-specific investment profile of at least one of the accredited investors is available for auction, and (iii) providing notice to the at least one of the accredited investors that a security matching the investor-specific investment profile of the at least one of the accredited investors is being auctioned. Thus, Hambrecht fails to make up the deficiency of the Shkedy reference as described above. Therefore, Applicant respectfully submits that dependent claims 4, 19, and 27 are in good and proper form for allowance.

## **5. Newly Added Claim 33**

Applicant submits that newly added claim 33 is in good and proper form for allowance. Independent claim 33 recites a method for creating a secondary market for private equity. The method comprises registering accredited investors with a system operator and the system operator using a computer to auction securities based on private equity to said accredited investors over an electronic network. The securities auctioned are securities that the system operator had previously placed in private placement.

In accordance with claim 33, the securities that are offered on the secondary market will be those securities that had originally been reviewed and approved by the entity that runs the server. (See Applicant's specification, paragraph [0064].) Thus, investors can have some additional assurance that the products being sold are in fact those products deemed to be worthwhile in the first instance to be sold to investors initially. (*Id.*) Applicant respectfully submits that the cited art does not disclose the claim requirement that securities are securities that the system operator had previously placed in private placement. Therefore, Applicant respectfully submits that independent claim 33 is in good and proper form for allowance

## **6. Conclusion**

In light of the foregoing, applicants submit that claims 1-13, 15-23, 25-29, and 31-33 are allowable, and notice to that affect is hereby requested. The Examiner is invited to telephone the

undersigned at (312) 913-3350 if further dialog would help move the present application to issuance.

Respectfully submitted,

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